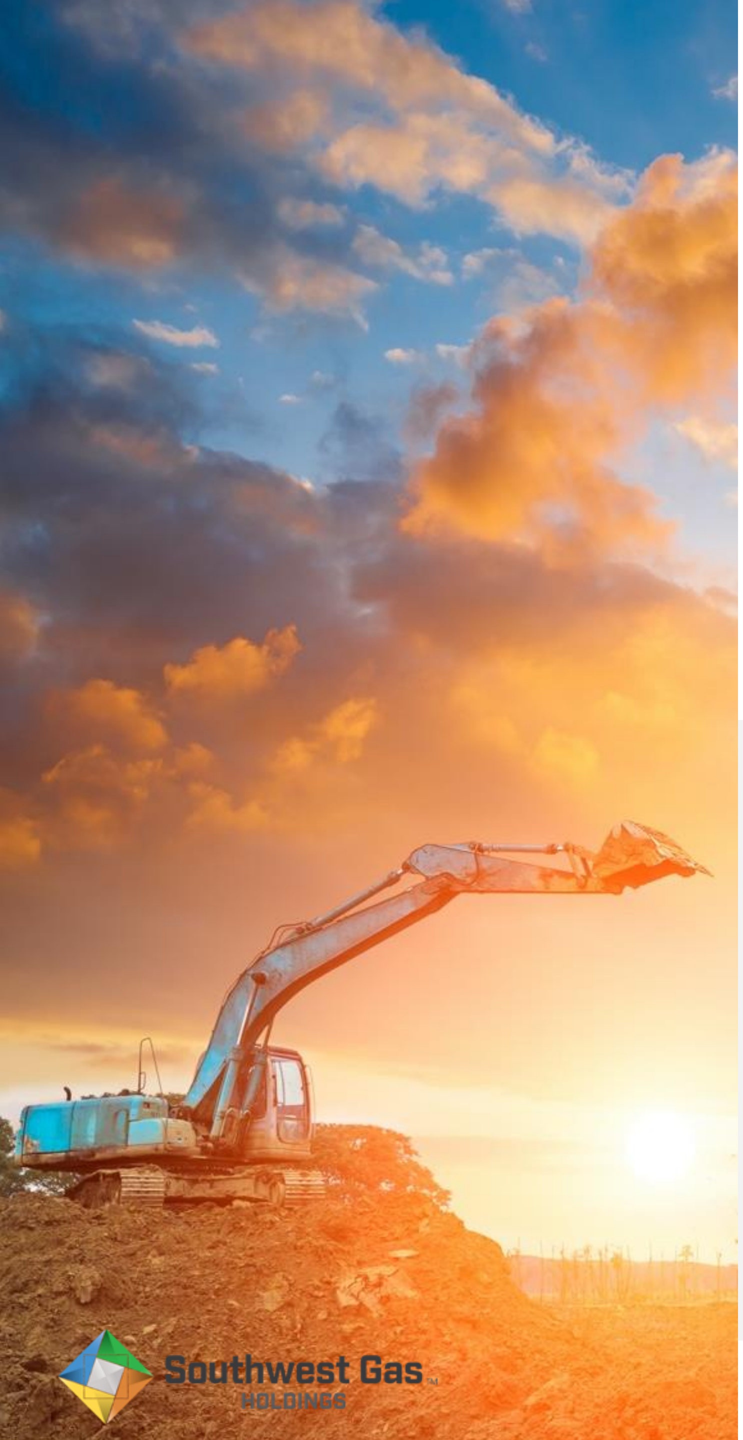
# 2022 Third Quarter Earnings Conference Call

November 9, 2022

Southwest Gas™
HOLDINGS




# Speakers and Agenda

**KAREN HALLER**

PRESIDENT AND CEO
SOUTHWEST GAS HOLDINGS

**JUSTIN BROWN**

PRESIDENT
SOUTHWEST GAS CORPORATION

**PAUL DAILY**

PRESIDENT AND CEO
CENTURI GROUP, INC.

**GREG PETERSON**

SVP/CFO
SOUTHWEST GAS HOLDINGS

**THOMAS MORAN**

VP/GENERAL COUNSEL/
CORPORATE SECRETARY
SOUTHWEST GAS HOLDINGS

## Presentation Agenda

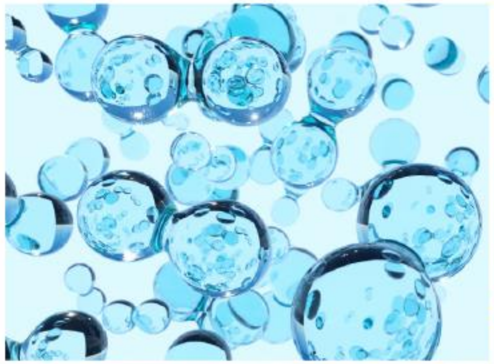
**Strategic Update**

**Business Updates**

**Third Quarter Results**

**Guidance and Outlook**

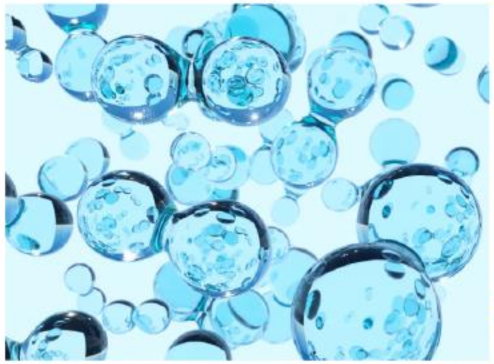
# Strategic Update



# Strategic Update

| | |
|---|---|
| Robert J. Stefani named CFO | ▪ Effective November 30, 2022<br>▪ Most recently served as CFO and Treasurer at PECO Energy, an Exelon company |
| Continuation of Strategic Alternatives Process | ▪ Southwest Gas is committed to maximizing value for all stockholders<br>▪ Continuing to review strategic alternatives for MountainWest<br>▪ Continuing to review strategic alternatives for Centuri, including a sale or spin-off |

# Business Updates



# Southwest Gas Holdings: Positioned for Value Creation

*We set our course with clear intention, investing in tomorrow to provide lasting value to our stockholders, employees, and the communities we serve.*

## SOUTHWEST GAS

*Leading regulated natural gas operator positioned for accelerated value creation*

- Predictable, low-risk earnings growth
- Stable rate base growth driven by strong regional demand dynamics
- Diversified, fully-regulated business profile supported by constructive regulatory mechanisms
- Culture of safety, service, and reliability
- Positioned for the energy transition through RNG and hydrogen opportunities, reducing transportation emissions, delivering on energy efficiency, and conservation

## CENTURI

*Scaled pure-play utility services platform in attractive end markets with a high-quality business model*

- Blue-chip customer base of long-tenured utilities
- Proven long-term track record of significant, profitable revenue growth
- Highly-recurring revenue underpinned by multi-year MSAs and low-risk contracts
- Positioned for continued long-term growth with tailwinds across utility end markets and expansion into high growth and renewable energy markets

## MountainWest

*Unique, irreplaceable critical infrastructure asset*

- Serves as "Hub of the Rockies" with critical connectivity offering nimble response to supply/demand needs
- Strong, consistent cash flow generation
- Pipeline of actionable growth opportunities
- Critical storage platform
- Favorable regional demand dynamics
- Proven track record of operational excellence

# SWGC Continues to Execute Growth Projects to Enhance Value

Natural Gas Distribution Segment

## Utility Optimization Plan

Southwest Gas Corporation ("SWGC") initiated a multi-step utility evaluation process focused on optimizing utility performance and delivering value to all stakeholders.

### Plan Overview

1. Capitalization policy review
2. New business policy review
3. AZ general rate case
4. Regulatory approvals supporting transactions, as necessary
5. Legislative initiatives
6. Budget and cost management
7. Enhanced regulatory mechanisms

## Arizona Rate Case Update

**Summary of Final Positions:**
*($ in millions)*

| | SWGC | Staff | RUCO[2] |
|---|---|---|---|
| Rate Relief | $61.7 | $57.8 | $54.8 |
| ROE | 9.3% | 9.3% | 9.3% |
| Equity Ratio | 50% | 50% | 50% |
| PTYP[1] Period | 12 mos | 12 mos | 6 mos |

Notes:
(1) PTYP Period: Post-Test Year Plant Period
(2) RUCO: Residential Utility Consumer Office

**Procedural Update:**
- Hearing conducted Sept. 26 – 28
- Legal briefs filed Oct. 26
- Rates effective Q1 2023

## Fort Irwin Expansion Project

Fort Irwin's remote desert location provides an opportunity to enhance energy reliability, resilience, and security.

- On-site generation capacity capable of maintaining critical loads indefinitely during an electric outage
- 22.5-mile dedicated natural gas pipeline
- Estimated pipeline cost of $39M

## California Hydrogen Demonstration Project

SWGC filed for approval of a hydrogen-blending demonstration project with the California Public Utilities Commission on September 8, 2022.

Project Objective:
- Establish critical knowledge targeting hydrogen-blending in extreme cold and high-elevations

Project Detail:
- Project will test a blend of 5% to 20% hydrogen with natural gas in plastic and steel pipe
- 18-month period of testing

# Centuri Well Positioned for Success as it Expands into High Growth Markets

Infrastructure Services Segment

## Achieving Growth

### New Awards

- Contract awards with utilities totaling $175 million during Q3 2022, including a new midwestern United States gas utility MSA customer.
- Secured $20+ million annualized incremental revenue increase on existing customer contracts to offset certain inflationary cost increases.

### Strong Sector Growth

- Multi-year strong outlook for gas and electric T&D market growth, significant multi-year opportunities in 5G and offshore wind related infrastructure

## Clean Energy Projects Expansion

- Awarded notice to proceed for $217 million contract to provide onshore assembly, fabrication, and port logistics for offshore wind project in northeastern United States.
- Together with existing $135 million contract and ~$175 million pending additional contract award, expected to have $500+ million of backlog for multi-year performance relating to clean energy projects.

## Emergency Response

Linetec, National Powerline, and Riggs Distler storm crews responded across the southeast United States and into Canada after both Hurricane Fiona and Hurricane Ian left countless communities without power.

| | |
|---|---|
| 800 | Employees deployed |
| $30M | Revenue earned September-October |
| 0 | Safety incidents |

## Published Second Annual Sustainability Report

In support of our customers, employees and stakeholders, Centuri is committed to making energy infrastructure more efficient, while taking care of the people and places around us.

We continue to advance sustainability by integrating Environmental, Social and Governance values in all parts of our business, not only in the commitments we make but also through the work we do.

2022 Sustainability Report | Building Better

# MountainWest – Strong Cash Flow Generation and Growth Opportunities

Pipeline and Storage Segment

## Growth Opportunities

Potentially more than $200 million in incremental growth capital expenditure opportunities through 2025.

| Project | Overview |
|---|---|
| ✔ Carbonate Tap Expansion | ▪ July 1, 2023 target in-service date<br>▪ 47,000 Dth per day volume, 15-year term |
| ✔ Opal East Expansion | ▪ Held successful open season in Q3 2022<br>▪ December 1, 2023 target in-service date<br>▪ 267,000 Dth per day volume, 10-year term |
| Westbound Compression Project | ▪ December 2025 target in service date<br>▪ ~325,000 Dth per day volume, 15-year term |
| Other Expansion Projects | ▪ Coal-to-gas conversion opportunities<br>▪ $100-$150 million of potential capital spend |

✔ Indicates projects under contract

## Business Highlights

Throughout the integration into SWX, MountainWest has shown strong, consistent cash flow generation, high performance, and a superior level of customer service.

- Enhancements made to business systems and procedures to improve overall customer service
- Successfully recontracting all available capacity
- Subscription rates for all pipelines significantly more than 90%
  - MountainWest Pipeline – 94%
  - MWOP – 94%
  - White River Hub – 92%

## Transition Integration

Transition integration work remains on schedule.

**End of 2022**

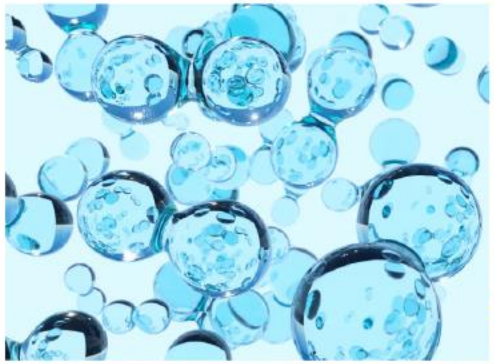
- Majority of Transition Services Agreement services will conclude
- Back-office teams in place
- Significantly reduced support from Dominion Energy

## FERC Rate Review

In September 2022, FERC initiated a rate review of MountainWest Overthrust Pipeline ("MWOP").

- MWOP has filed its initial response with FERC
- Any rate change would be prospective
- Final order expected in mid- to late-2024 unless settled

# Financial Update



# Third Quarter 2022 Financial Results

Consolidated

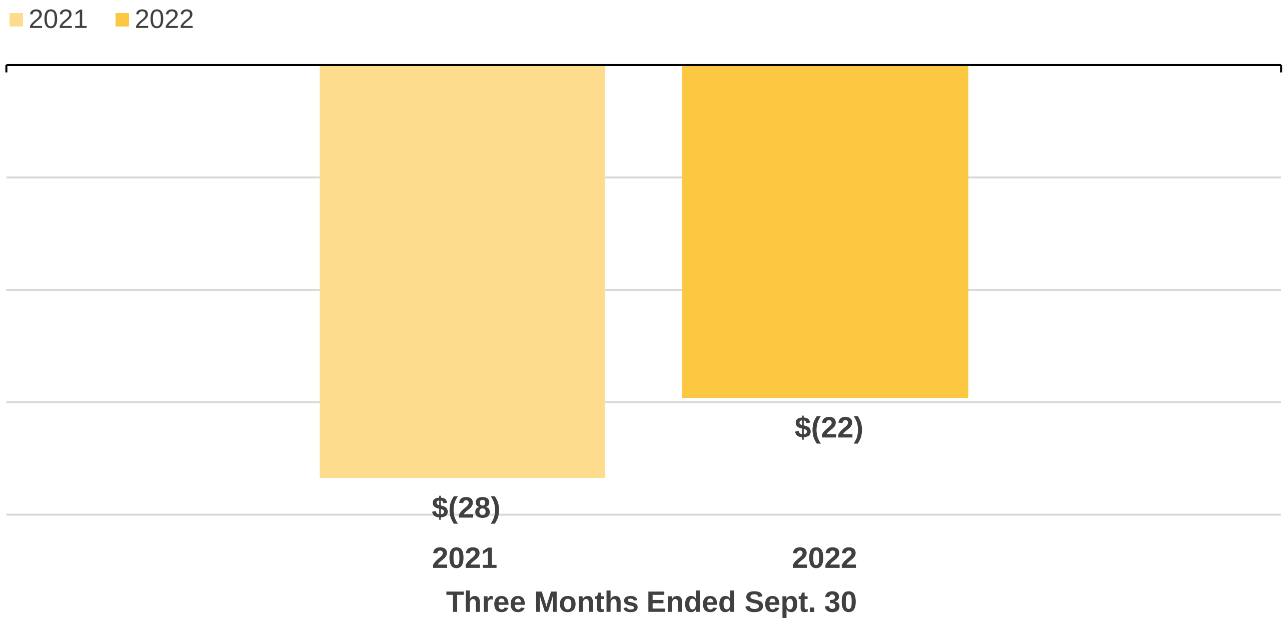
| Results of Consolidated Operations | Three months ended September 30, | | Nine months ended September 30, | | Twelve months ended September 30, | |
|---|---|---|---|---|---|---|
| *(in millions, except per share items)* | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Natural gas distribution income (loss) | $ (22.2) | $ (27.5) | $ 87.3 | $ 102.6 | $ 171.9 | $ 182.1 |
| Utility infrastructure services income (loss) | 14.3 | 18.5 | (4.4) | 32.8 | 3.2 | 56.7 |
| Pipeline and storage income | 12.3 | - | 44.3 | - | 44.3 | - |
| Corporate and administrative income (loss) | (16.7) | (2.6) | (49.9) | (4.6) | (72.2) | (4.4) |
| Net income (loss) | (12.3) | (11.6) | 77.3 | 130.8 | 147.2 | 234.4 |
| Adjustments[1] | 9.0 | 14.7 | 41.3 | 15.5 | 62.1 | 15.4 |
| Adjusted net income (loss) | (3.3) | 3.1 | 118.6 | 146.3 | 209.3 | 249.8 |
| Basic earnings (loss) per share | $ (0.18) | $ (0.19) | $ 1.19 | $ 2.23 | $ 2.30 | $ 4.03 |
| Diluted earnings (loss) per share | $ (0.18) | $ (0.19) | $ 1.19 | $ 2.23 | $ 2.30 | $ 4.02 |
| Basic adjusted earnings (loss) per share | $ (0.05) | $ 0.05 | $ 1.82 | $ 2.49 | $ 3.28 | $ 4.29 |
| Diluted adjusted earnings (loss) per share | $ (0.05) | $ 0.05 | $ 1.82 | $ 2.49 | $ 3.27 | $ 4.28 |
| Weighted average common shares | 67.157 | 59.688 | 65.004 | 58.639 | 63.905 | 58.209 |
| Weighted average diluted shares | 67.325 | 59.816 | 65.148 | 58.742 | 64.051 | 58.312 |

Notes:
(1) The three months ended September 30, 2022 adjustments include nonrecurring stand-up costs associated with integrating MountainWest, stockholder litigation, and strategic review costs (collectively, net of tax). Incrementally, the nine months ended September 30, 2022 adjustments also include proxy contest and settlement and MountainWest transaction costs, net of tax, and the twelve months ending September 30, 2022 adjustments further include legal reserves and Riggs Distler transaction costs (collectively, net of tax). The adjustments for the three, nine, and twelve months ended September 30, 2021 include legal reserves and Riggs Distler transaction costs (collectively, net of tax).

# Third Quarter 2022 Financial Results

Natural Gas Distribution Segment

## Net Loss *($ in millions)*




## Key Drivers Q3 ’22 vs. Q3 ’21

| **Item** *($ in millions)* | **Q3 ’22 to Q3 ’21 Delta** |
|---|---|
| **Operating margin** | $11.4 increase |
| **O&M expense** | $1.8 increase |
| **D&A expense** | $3.0 increase |
| **Other income** | $6.0 increase |
| **Interest expense** | $4.5 increase |
| **Income tax benefit** | $2.1 decrease |

**Commentary:**

- Operating margin includes:
  - Nevada rate relief (began in Q2 2022)
  - COYL and VSP(1) recoveries in Arizona
  - Customer growth
- Other income includes:
  - Lower non-service-related components of employee pension and other post retirement benefit costs
  - Increased interest income
  - COLI policy cash surrender values declined

*Modest cost increases offset by highest twelve-month operating margin on record*

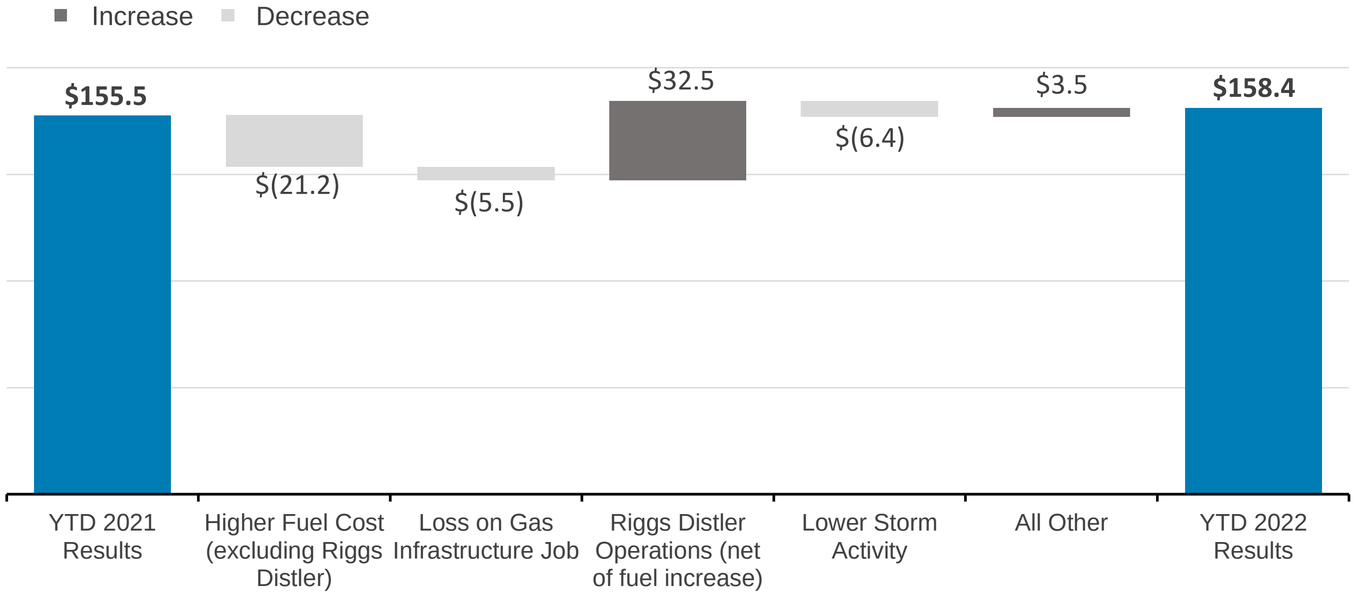
Notes:
(1) Customer Owned Yard Line (“COYL”) and Vintage Steel Pipe (“VSP”)

# Third Quarter 2022 Financial Results

Infrastructure Services Segment

### Centuri Adjusted EBITDA(1) Contribution from YTD '21 to '22

*($ in millions)*



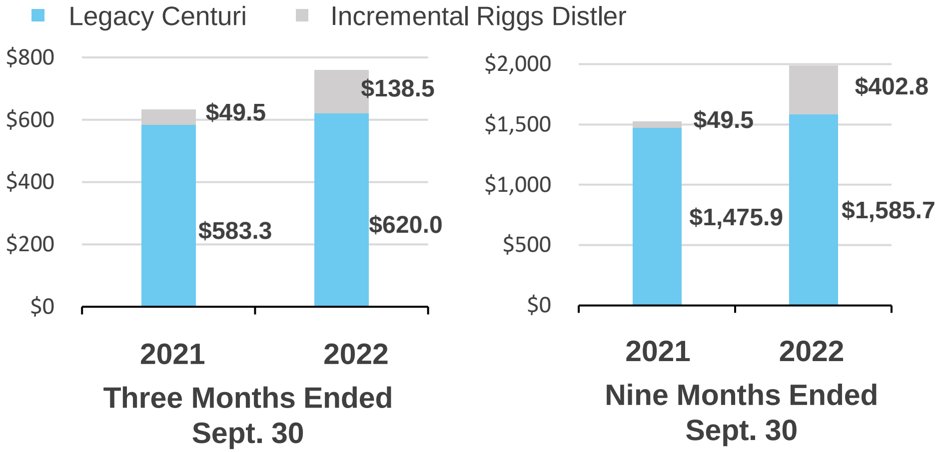

*Record revenue offset by increased operating expenses driven by continuing inflationary pressures*

Notes: See appendix for Adjusted EBITDA reconciliation

(1) Adjusted EBITDA excludes costs of strategic review, one-time acquisition costs, the nonrecurring write-off of deferred financing fees related to Centuri's amended and restated credit facility, and non-cash stock-based compensation expense.

## Revenue

*($ in millions)*



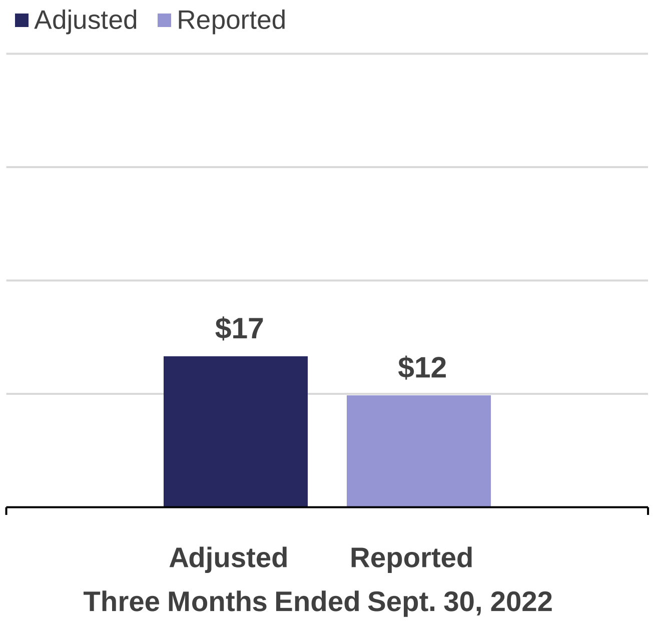

**Commentary:**

- Revenues impacted by:
  - Less emergency storm restoration service work in 2022
  - Changed work mix and reduced volume during 2022 due to customer supply chain challenges in procuring materials and equipment
- Expenses/costs incurred from:
  - Riggs Distler
  - Inflationary pressures on fuel and subcontractor expenses
  - Higher project-related travel and equipment rental costs

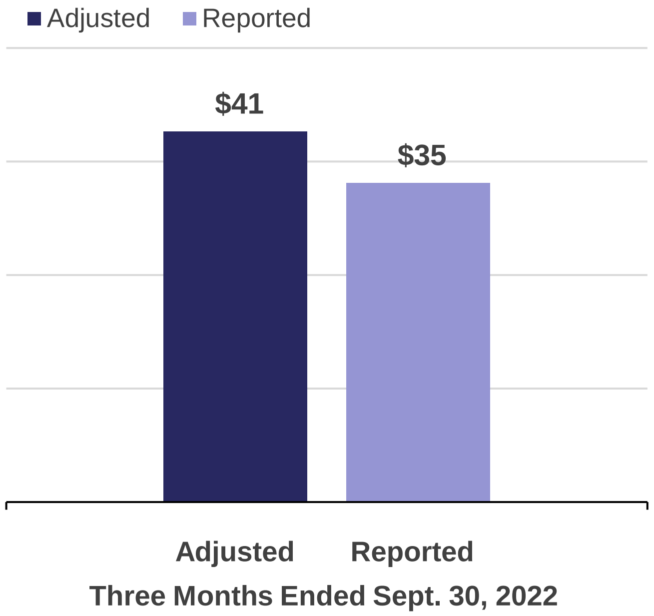
# Third Quarter 2022 Financial Results

Pipeline and Storage Segment

## Net Income *($ in millions)*




## EBITDA *($ in millions)*




## Adjustment Detail

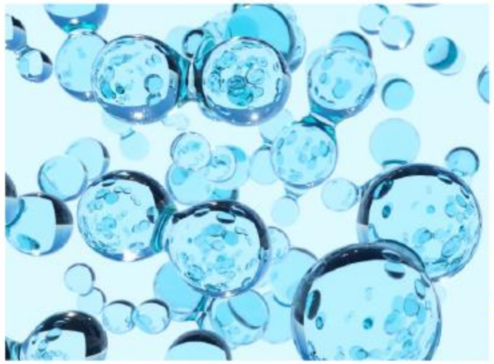
Nonrecurring expenses include:

- Nonrecurring acquisition integration costs including consultant fees
- Purchase and sale agreement employee benefit obligations

*Third consecutive post acquisition quarterly reporting period with operating results in line with expectations*

Notes: See appendix for Adjusted EBITDA and Adjusted Net Income reconciliations

# Guidance and Outlook



# Company Guidance

**SOUTHWEST GAS**

2022 Capex:
**$650 - $675 million**

2022 Net Income[(1)]:
**$185 - $195 million**

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5-year Rate Base CAGR[(2)]:
**5% - 7%**

5-year Capex:
**$2.5 - $3.5 billion**

5-year O&M/per Customer CAGR[(2)]:
**Less than 1%**

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ROE 2023 and beyond:
**8%+**

(1) Assumes $3 - $5 million COLI earnings
(2) CAGR 2022 - 2026

**CENTURI**

2022 Revenue:
**$2.60 - $2.70 billion**

2022 Adjusted EBITDA[(3)] Margin:
**8.0% - 8.5%**

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2023 Revenue:
**$2.8 – $3.0 billion**

2023 Adjusted EBITDA[(3)] Margin:
**9.5% - 11.0%**

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2023 – 2026 Adjusted EBITDA[(3)] CAGR:
**9.0% - 11.0%**

(3) Adjusted EBITDA excludes costs of strategic review, one-time acquisition costs and non-cash stock-based compensation expense.

**MountainWest**

2022 Revenue:
**$250 - $255 million**

2022 Normalized EBITDA Margin[(4)]:
**65% - 67%**

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MountainWest Accretion:

**Acquisition accretive to SWX EPS in 2022 exclusive of nonrecurring and overlapping integration costs**

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Growth Opportunities

**Targeting over $200 million in incremental growth capital expenditure opportunities through 2025**

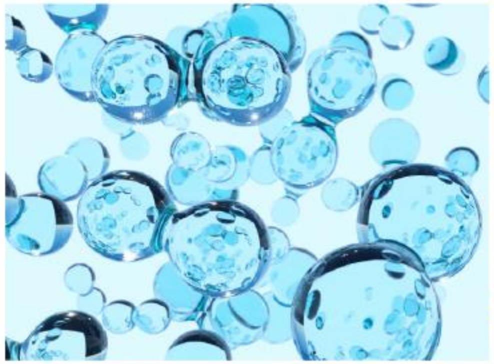
(4) Normalized EBITDA margin excludes nonrecurring costs associated with MountainWest integration.

# Closing Remarks

- **Southwest Gas Holdings**
  - ✓ Maximizing value for stockholders
  - ✓ Continuing strategic review process for Centuri and MountainWest
- **Southwest Gas Corporation**
  - ✓ Record twelve-month operating margin
  - ✓ Optimizing utility to deliver value to stakeholders
  - ✓ Providing resilient energy solutions for existing and new customers
  - ✓ Positioned for the energy transition
- **Centuri**
  - ✓ Record twelve-month revenue
  - ✓ Delivering on clean energy infrastructure
  - ✓ Committed to our communities through storm restoration work
- **MountainWest**
  - ✓ Third quarter results in line with expectations
  - ✓ On track for completing the transition integration
  - ✓ Executing growth opportunities
  - ✓ Supporting coal-to-gas conversions

# Appendix





# Net Debt Summary

| *($ in millions as of September 30, 2022)* | Southwest Gas | Centuri | MountainWest | Southwest Gas Holdings | Consolidated |
|---|---|---|---|---|---|
| Total debt | $ 3,267 | $ 1,272 | $ 449 | $ 1,300 | $ 6,288 |
| Less: cash | 25 | 103 | 42 | 5 | 175 |
| Net debt | $ 3,242 | $ 1,169 | $ 407 | $ 1,295 | $ 6,113 |

# Summary of Operating Results

Natural Gas Distribution Segment

## Results of Natural Gas Distribution

| *(in thousands of dollars)* | Three months ended September 30, 2022 | Three months ended September 30, 2021 | Twelve months ended September 30, 2022 | Twelve months ended September 30, 2021 |
|---|---|---|---|---|
| Regulated operations revenues | $ 303,944 | $ 255,848 | $ 1,809,639 | $ 1,445,066 |
| Net cost of gas sold | 100,441 | 63,710 | 678,896 | 374,449 |
| Operating margin | 203,503 | 192,138 | 1,130,743 | 1,070,617 |
| Operations and maintenance expense | 121,537 | 119,708 | 478,554 | 431,795 |
| Depreciation and amortization | 64,390 | 61,359 | 258,144 | 249,118 |
| Taxes other than income taxes | 20,693 | 20,109 | 82,652 | 76,087 |
| Operating income (loss) | (3,117) | (9,038) | 311,393 | 313,617 |
| Other income (loss) | 1,678 | (4,287) | (97) | (545) |
| Net interest deductions | 29,417 | 24,922 | 110,957 | 97,259 |
| Income (loss) before income taxes | (30,856) | (38,247) | 200,339 | 215,813 |
| Income tax expense (benefit) | (8,657) | (10,703) | 28,458 | 33,679 |
| Segment net income (loss) | $ (22,199) | $ (27,544) | $ 171,881 | $ 182,134 |

# Summary of Operating Results

Infrastructure Services Segment

| **Results of Utility Infrastructure Services** | Three months ended September 30, | | Twelve months ended September 30, | |
|---|---|---|---|---|
| *(in thousands of dollars)* | 2022 | 2021 | 2022 | 2021 |
| Revenues | $ 758,466 | $ 632,848 | $ 2,621,646 | $ 2,065,038 |
| Cost of sales[1] | 688,798 | 551,183 | 2,427,266 | 1,847,453 |
| Gross profit | 69,668 | 81,665 | 194,380 | 217,585 |
| General and administrative expenses[2] | 23,714 | 41,597 | 99,675 | 103,901 |
| Amortization of intangible assets | 7,434 | 4,511 | 30,509 | 12,680 |
| Operating income | 38,520 | 35,557 | 64,196 | 101,004 |
| Other income (deductions) | (110) | 1,175 | (603) | 827 |
| Net interest deductions | 16,608 | 6,257 | 51,825 | 11,642 |
| Income before income taxes | 21,802 | 30,475 | 11,768 | 90,189 |
| Income tax expense | 6,466 | 9,653 | 4,754 | 26,785 |
| Segment net income | $ 15,336 | $ 20,822 | $ 7,014 | $ 63,404 |
| Net income attributable to noncontrolling interests | 991 | 2,282 | 3,791 | 6,681 |
| Contribution to consolidated net income attributable to Centuri | $ 14,345 | $ 18,540 | $ 3,223 | $ 56,723 |
| Adjusted net income attributable to Centuri [3] | $ 19,133 | $ 35,494 | $ 28,914 | $ 81,378 |

Notes

(1) Cost of sales during the three months ended September 30, 2022 and 2021 includes depreciation expense of $31,148 and $24,454, respectively. Cost of sales during the twelve months ended September 30, 2022 and 2021 includes depreciation expense of $118,704 and $88,771, respectively.

(2) General and administrative expenses during the three months ended September 30, 2022 and 2021 includes depreciation expense of $1,229 and $1,056, respectively. General and administrative expenses during the twelve months ended September 30, 2022 and 2021 includes depreciation expense of $4,734 and $4,119, respectively.

(3) Excludes the impact of the write-off of deferred financing fees and debt modification costs, acquisition costs, strategic review costs, non-cash share-based compensation, and amortization of intangible assets, net of the impact of income tax adjustments.

# Summary of Operating Results

Pipeline and Storage Segment

| **Results of Pipeline and Storage** | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| *(in thousands of dollars)* | 2022 | | 2022 | |
| Pipeline and storage operating revenues | $ | 63,178 | $ | 192,259 |
| Net cost of gas sold | | 550 | | 3,553 |
| Operations and maintenance expense | | 25,198 | | 74,251 |
| Depreciation and amortization | | 12,732 | | 38,869 |
| Taxes other than income taxes | | 2,663 | | 8,335 |
| Operating income | | 22,035 | | 67,251 |
| Other income | | 353 | | 1,691 |
| Net interest deductions | | 4,553 | | 13,449 |
| Income before income taxes | | 17,835 | | 55,493 |
| Income tax expense | | 5,515 | | 11,167 |
| Segment net income | $ | 12,320 | $ | 44,326 |

| **Non-GAAP Measures EBITDA Reconciliation** | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| *(in thousands of dollars)* | 2022 | | 2022 | |
| Segment net income | $ | 12,320 | $ | 44,326 |
| Net interest deductions | | 4,553 | | 13,449 |
| Income tax expense | | 5,515 | | 11,167 |
| Depreciation and amortization | | 12,732 | | 38,869 |
| EBITDA | | 35,120 | | 107,811 |
| Adjustments(1) | | 5,670 | | 18,901 |
| Adjusted EBITDA | $ | 40,790 | $ | 126,712 |

| **Net Income Reconciliation** | | | | |
|---|---|---|---|---|
| Segment net income | $ | 12,320 | $ | 44,326 |
| Adjustments(1) | | 4,309 | | 14,364 |
| Adjusted net income | $ | 16,629 | $ | 58,690 |

Notes:
(1) Adjustments for the quarter ($6 million of pre-tax, $4 million net of tax) and nine-month ended ($19 million of pre-tax, $14 million net of tax) reflect nonrecurring costs associated with acquisition integration costs, including consultant fees, and purchase and sale agreement employee benefit obligations.

# Non-GAAP Measure

## Infrastructure Services Segment

***Non-GAAP Measure EBITDA*** *- The following table presents the non-GAAP financial measures of EBITDA and Adjusted EBITDA for the three and nine-month periods ended September 30, 2022 and 2021, which, when used in connection with net income attributable to Centuri, is intended to provide useful information to investors and analysts as they evaluate Centuri's performance. EBITDA is defined as earnings before interest, taxes, depreciation and amortization, and Adjusted EBITDA is defined as EBITDA adjusted for certain other items as described below. These measures should not be considered as an alternative to net income attributable to Centuri or other measures of performance that are derived in accordance with GAAP. Management believes that the exclusion of these items from net income attributable to Centuri provides an effective evaluation of Centuri's operations period over period and identifies operating trends that might not be apparent when including the excluded items. As to certain of the items below, (i) the non-recurring write-off of deferred financing fees relates to Centuri's amended and restated credit facility, (ii) acquisition costs vary from period to period depending on the level of Centuri's acquisition activity, (iii) nonrecurring strategic review costs relate to a potential sale or spin-off of Centuri, and (iv) non-cash share-based compensation varies from period to period due to amounts granted in a given year. Because EBITDA and Adjusted EBITDA, as defined, exclude some, but not all, items that affect net income attributable to Centuri, such measures may not be comparable to similarly titled measures of other companies. The most comparable GAAP financial measure, net income attributable to Centuri, and information reconciling the GAAP and non-GAAP financial measures, are included below (thousands of dollars).*

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| **Reconciliation of Net Income to EBITDA and Adjusted EBITDA (Non-GAAP measures)** | **2022** | **2021** | **2022** | **2021** |
| Contribution to consolidated net income attributable to Centuri | $ 14,345 | $ 18,540 | $ (4,400) | $ 32,797 |
| Net interest deductions | 16,608 | 6,257 | 40,337 | 9,511 |
| Income tax expense | 6,466 | 9,653 | 3,350 | 17,372 |
| Depreciation and amortization | 39,811 | 30,021 | 116,286 | 79,982 |
| **EBITDA** | 77,230 | 64,471 | 155,573 | 139,662 |
| Write-off of deferred financing fees | - | 673 | - | 673 |
| Acquisition costs | - | 13,001 | - | 13,782 |
| Strategic review costs | (638) | - | 1,610 | - |
| Non-cash share-based compensation | (484) | 369 | 1,183 | 1,361 |
| **Adjusted EBITDA** | $ 76,108 | $ 78,514 | $ 158,366 | $ 155,478 |

# Non-GAAP Measure

## Infrastructure Services Segment

***Adjusted Net Income Attributable to Centuri*** *- The following table presents the non-GAAP financial measure of Adjusted Net Income Attributable to Centuri for the three and twelve-month periods ended September 30, 2022 and 2021, which, when used in connection with net income attributable to Centuri, is intended to provide useful information to investors and analysts as they evaluate Centuri's performance. Management believes that the exclusion of certain items from net income attributable to Centuri enables it to more effectively evaluate Centuri's operations period over period and better identify operating trends that may not otherwise be apparent. As to certain of the items below, (i) the write-off of deferred financing fees and debt modification costs related to Centuri's amended and restated credit facility, (ii) acquisition costs vary from period to period depending on the level of Centuri's acquisition activity, (iii) nonrecurring strategic review costs related to a potential sale or spin-off of Centuri, (iv) non-cash share-based compensation varies from period to period due to amounts granted in a given year, (v) amortization of intangible assets vary from period to period depending on the level of Centuri's acquisition activity, and (vi) the income tax impact of adjustments that are subject to tax is determined using the incremental statutory tax rates of the jurisdictions to which each adjustment relates for the respective periods. Because Adjusted Net Income Attributable to Centuri, as defined, excludes some, but not all, items that affect net income attributable to Centuri, such measure may not be comparable to similarly titled measures of other companies. The most comparable GAAP financial measure, net income attributable to Centuri, and information reconciling the GAAP and non-GAAP financial measures, are included below (thousands of dollars).*

| | Three Months Ended September 30, | | Twelve Months Ended September 30, | |
|---|---|---|---|---|
| **Reconciliation of Adjusted Net Income attributable to Centuri (Non-GAAP measure)** | **2022** | **2021** | **2022** | **2021** |
| Contribution to consolidated net income attributable to Centuri | $ 14,345 | $ 18,540 | $ 3,223 | $ 56,723 |
| Adjustments: | | | | |
| Write-off of deferred financing fees and debt modification costs | - | 1,128 | - | 1,128 |
| Acquisition costs | - | 13,001 | 196 | 13,782 |
| Strategic review costs | (638) | - | 1,610 | - |
| Income tax impact of adjustments | 154 | (876) | (434) | (1,066) |
| **Adjusted net income attributable to Centuri before certain non-cash adjustments** | 13,861 | 31,793 | 4,595 | 70,567 |
| Non-cash share-based compensation | (484) | 369 | 1,554 | 1,591 |
| Amortization of intangible assets | 7,434 | 4,511 | 30,509 | 12,680 |
| Income tax impact of non-cash adjustments | (1,678) | (1,179) | (7,744) | (3,460) |
| **Adjusted net income attributable to Centuri** | $ 19,133 | $ 35,494 | $ 28,914 | $ 81,378 |

# Safe Harbor Statement

**Forward-Looking Statements**

Unless context otherwise requires, in this presentation, references to “we”, “us” and “our” are to Southwest Gas Holdings, Inc. (NYSE: SWX) (“Southwest Gas” or the “Company” or “SWX”) together with its consolidated subsidiaries, which include, among others, Southwest Gas Corporation (“SWGC” or “Utility”), MountainWest Pipelines Holding Company (“MountainWest” or “MWP”) formerly known as Dominion Energy Questar Pipelines, LLC, Centuri Group, Inc. (“Centuri”) and Great Basin Gas Transmission Company (“Great Basin” or “GBGTC”). The following are subsidiaries of Centuri: NPL Construction Co. (“NPL”), NPL Canada Ltd. (“NPL Canada”), New England Utility Constructors, Inc. (“Neuco”), Linetec Services, LLC (“Linetec”), Riggs Distler & Company, Inc. (“Riggs Distler”), Canyon Pipeline Construction, Inc. (“Canyon”), National Powerline LLC (“National Powerline”) and W.S. Nicholls Construction Inc. (“WSN Construction”).

This presentation contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include, without limitation, statements regarding the Company and the Company's expectations or intentions regarding the future. These forward-looking statements can often be identified by the use of words such as "will", "predict", "continue", "forecast", "expect", "believe", "anticipate", "outlook", "could", "target", "project", "intend", "plan", "seek", "estimate", "should", "may" and "assume", as well as variations of such words and similar expressions referring to the future, and include (without limitation) statements regarding, our expectations for our utility infrastructure services, natural gas operations, and pipeline and storage segments, estimated future capital expenditures, projected rate base at December 31, 2026, our 2022 financial guidance and expected value drivers, expectations with respect to a separation of Centuri, the potential sale of MountainWest, and the future performance of the Company and Southwest Gas Corporation. A number of important factors affecting the business and financial results could cause actual results to differ materially from those stated in the forward-looking statements. These factors include, but are not limited to, the timing and impact of executing (or not executing) on various strategic alternatives, including whether we will sell or spin Centuri and/or sell MountainWest, the timing and amount of rate relief, changes in rate design, customer growth rates, the effects of regulation/deregulation, tax reform and related regulatory decisions, the impacts of construction activity at Centuri, the potential for, and the impact of, a credit rating downgrade, the costs to integrate MountainWest, future earnings trends, inflation, increasing interest rates, sufficiency of labor markets and similar resources, seasonal patterns, current and future litigation, the costs and effect of stockholder activism, and the impacts of stock market volatility. In addition, the Company can provide no assurance that its discussions about future operating margin, operating income, COLI earnings, interest expense, and capital expenditures of the natural gas distribution segment will occur. Likewise, the Company can provide no assurance regarding utility infrastructure services segment revenues, EBITDA, EBITDA margin or growth rates, that projects expected to be undertaken with results as stated will occur, nor that interest expense patterns will transpire as expected, nor assurance regarding potential transactions or their impacts, including management's plans or expectations related thereto, including with regard to Centuri or MountainWest. The Company does not assume any obligation to update the forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future developments, or otherwise.

Forward-looking statements are based on assumptions which we believe are reasonable, based on current expectations and projections about future events and industry conditions and trends affecting our business. However, whether actual results and developments will conform to our expectations and predictions are subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, those discussed under the heading “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Quantitative and Qualitative Disclosure about Market Risk” in the Company’s most recent Annual Report on Form 10-K and in the Company’s and Southwest Gas Corporation’s current and periodic reports, including our Quarterly Reports on Form 10-Q, filed from time to time with the SEC, and other reports that we file with the SEC from time to time.

New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time to time, and it is not possible for us to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. The statements in this presentation are made as of the date hereof, even if subsequently made available on our website or otherwise. We do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

# Non-GAAP Measures

Non-GAAP Measures. This presentation contains financial measures that have not been calculated in accordance with accounting principles generally accepted in the U.S. (“GAAP”). These non-GAAP measures include (i) adjusted consolidated earnings per diluted share, (ii) adjusted consolidated net income, (iii) utility infrastructure services segment adjusted net income, (iv) utility infrastructure services segment EBITDA, (v) utility infrastructure services segment adjusted EBITDA, (vi) pipeline and storage segment adjusted net income, (vii) pipeline and storage segment EBITDA, and (viii) pipeline and storage segment adjusted EBITDA. Management uses these non-GAAP measures internally to evaluate performance and in making financial and operational decisions. Management believes that its presentation of these measures provides investors greater transparency with respect to its results of operations and that these measures are useful for a period-to-period comparison of results. Management also believes that providing these non-GAAP financial measures helps investors evaluate the Company’s operating performance, profitability, and business trends in a way that is consistent with how management evaluates such performance. Adjusted consolidated income for the three months ended September 30, 2022 include nonrecurring stand-up costs associated with integrating MountainWest, stockholder litigation, and strategic review costs (collectively, net of tax). Incrementally, the adjusted consolidated income for the nine months ended September 30, 2022 also includes proxy contest and settlement costs and MountainWest transaction costs, net of tax, and the twelve months ending September 30, 2022 adjustments further include legal reserves and Riggs Distler transaction costs (collectively, net of tax). The adjustments for the three, nine and twelve months ended September 30, 2021 include legal reserves and Riggs Distler transaction costs (collectively, net of tax.) Management believes it is appropriate to adjust for expenses related to the proxy contest and related stockholder litigation because these matters are unique and outside of the ordinary course of business for the Company. In addition, utility infrastructure adjusted net income includes adjustments related to the impact of the write-off of deferred financing fees and debt modification costs, acquisition costs, strategic review costs, non-cash share-based compensation, and amortization of intangible assets, net of the impact of income tax adjustments. Management believes it is appropriate to adjust for these items because they are either nonrecurring or vary from period to period. Pipeline and storage segment adjusted net income includes adjustments related to non-recurring costs associated with acquisition integration costs, including consultant fees, and purchase and sale agreement employee benefit obligations (net of tax). Management believes it is appropriate to adjust for expenses related to the MountainWest acquisition and integration because they are one-time expenses that will not recur in future periods.

Management also uses the non-GAAP measure of operating margin related to its natural gas distribution operations. The Utility recognizes operating revenues from the distribution and transportation of natural gas (and related services) to customers. Gas cost is a tracked cost, which is passed through to customers without markup under purchased gas adjustment mechanisms, impacting revenues and net cost of gas sold on a dollar-for-dollar basis, thereby having no impact on the Utility’s profitability. Therefore, management routinely uses operating margin, defined by management as gas operating revenues less the net cost of gas sold, in its analysis of the Utility’s financial performance. Operating margin also forms a basis for the Utility’s various regulatory decoupling mechanisms. Management believes supplying information regarding operating margin provides investors and other interested parties with useful and relevant information to analyze the Utility’s financial performance in a rate-regulated environment.

We do not provide a reconciliation of forward-looking Non-GAAP Measures to the corresponding forward-looking GAAP measure due to our inability to project special charges and certain expenses.